

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

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UNITED STATES OF AMERICA,

Plaintiff,

v.

Action No. 18-cv-04061 (ILG) (PK)

MOSHE LAX, individually, as an executor of the Chaim Lax Estate, as a trustee of the Chaim Lax Family Trust, and as a trustee of the GAMA Trust; ZLATY SCHWARTZ, individually, as executor of the Chaim Lax Estate, as trustee of the Chaim Lax Family Trust, and as a trustee of the GAMA Trust; SHAINDY LAX; JUDITH LAX; J.L., a minor; 299 HEWES STREET REALTY CORP; 307 HEWES STREET REALTY CORP; JBAM REALTY LLC, a/k/a JBAM REALTY 2 LLC; BEN ZION JACOBOWITZ; TONY JACOBOWITZ; SL HOLDINGS I, LLC; SL HOLDINGS II, LLC; SL HOLDINGS III, LLC; SL HOLDINGS IV, LLC; SL HOLDINGS V, LLC; DIAMOND DYNAMICS LLC; KGK JEWELRY LLC; CONGREGATION BAIS YEHUDAH D'GANITCH; and LX HOLDINGS LLC,

Defendants.

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ANSWER AND AFFIRMATIVE DEFENSES
OF DEFENDANT KGK JEWELRY LLC

Defendant, KGK Jewelry LLC ("KGK"), by and through its undersigned counsel, submits its Answer and Affirmative Defenses to the Complaint filed by the United States of America ("USA" or "Plaintiff"), and states as follows:

Jurisdiction and Venue

1. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "1" of the Complaint.

2. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "2" of the Complaint.

The Parties

3. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "3" of the Complaint.
4. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "4" of the Complaint.
5. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "5" of the Complaint.
6. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "6" of the Complaint.
7. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "7" of the Complaint.
8. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "8" of the Complaint.
9. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "9" of the Complaint.
10. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "10" of the Complaint.
11. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "11" of the Complaint.
12. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "12" of the Complaint.

13. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "13" of the Complaint.

14. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "14" of the Complaint.

15. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "15" of the Complaint.

16. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "16" of the Complaint.

17. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "17" of the Complaint.

18. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "18" of the Complaint, except to admit that KGK claims an interest in the property upon which the Plaintiff seeks to enforce its alleged liens.

19. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "19" of the Complaint.

20. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "20" of the Complaint.

Introduction

21. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "21" of the Complaint.

22. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "22" of the Complaint.

23. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "23" of the Complaint.

24. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "24" of the Complaint.

25. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "25" of the Complaint.

26. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "26" of the Complaint.

Background

The Estate of Chaim Lax

27. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "27" of the Complaint.

28. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "28" of the Complaint.

29. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "29" of the Complaint.

30. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "30" of the Complaint.

31. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "31" of the Complaint.

32. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "32" of the Complaint.

33. Denies knowledge or information sufficient to form a belief as to each and every

allegation as contained in Paragraph "33" of the Complaint.

34. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "34" of the Complaint.

The Estate's Federal Tax Liabilities

35. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "35" of the Complaint.

Income Tax Liabilities

36. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "36" of the Complaint.

37. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "37" of the Complaint.

38. Denies knowledge of information sufficient to form a belief as to each and every allegation as contained in Paragraph "38" of the Complaint.

39. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "39" of the Complaint.

40. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "40" of the Complaint.

41. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "41" of the Complaint.

42. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "42" of the Complaint.

43. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "43" of the Complaint.

44. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "44" of the Complaint.

45. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "45" of the Complaint.

46. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "46" of the Complaint.

Estate Tax Liabilities

47. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "47" of the Complaint.

48. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "48" of the Complaint.

49. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "49" of the Complaint.

50. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "50" of the Complaint.

51. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "51" of the Complaint.

The Schemes

52. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "52" of the Complaint.

Scheme 1: Chaim's Purported Transfer of Assets to the Lax Family Trust

53. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "53" of the Complaint.

54. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "54" of the Complaint.

55. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "55" of the Complaint.

56. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "56" of the Complaint.

57. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "57" of the Complaint.

58. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "58" of the Complaint.

59. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "59" of the Complaint.

60. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "60" of the Complaint.

61. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "61" of the Complaint.

62. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "62" of the Complaint.

63. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "63" of the Complaint.

64. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "64" of the Complaint.

65. Denies knowledge or information sufficient to form a belief as to each and every

allegation as contained in Paragraph "65" of the Complaint.

**Scheme 2: Transferring the Holding Companies to the
SL Companies for No Consideration**

66. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "66" of the Complaint.

67. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "67" of the Complaint.

68. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "68" of the Complaint.

69. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "69" of the Complaint.

70. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "70" of the Complaint.

71. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "71" of the Complaint.

72. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "72" of the Complaint.

73. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "73" of the Complaint.

74. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "65" of the Complaint.

75. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "75" of the Complaint.

76. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "76" of the Complaint.

77. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "77" of the Complaint.

78. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "78" of the Complaint.

79. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "79" of the Complaint.

80. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "80" of the Complaint.

81. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "81" of the Complaint.

82. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "82" of the Complaint.

83. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "83" of the Complaint.

84. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "84" of the Complaint.

85. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "85" of the Complaint.

86. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "86" of the Complaint.

87. Denies knowledge or information sufficient to form a belief as to each and every

allegation as contained in Paragraph "87" of the Complaint.

88. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "88" of the Complaint.

89. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "89" of the Complaint.

90. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "90" of the Complaint.

**Scheme 3: Appropriating the Assets of Dynamic Diamond Corp.
from the Estate Using a Sham Restructuring**

91. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "91" of the Complaint.

92. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "92" of the Complaint.

93. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "93" of the Complaint.

94. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "94" of the Complaint.

95. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "95" of the Complaint.

96. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "96" of the Complaint.

97. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "97" of the Complaint.

98. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "98" of the Complaint.

99. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "99" of the Complaint.

100. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "100" of the Complaint.

101. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "101" of the Complaint.

102. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "102" of the Complaint.

103. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "103" of the Complaint.

104. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "104" of the Complaint.

105. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "105" of the Complaint.

106. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "106" of the Complaint.

107. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "107" of the Complaint.

108. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "108" of the Complaint.

109. Denies knowledge or information sufficient to form a belief as to each and every

allegation as contained in Paragraph "109" of the Complaint.

110. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "110" of the Complaint.

111. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "111" of the Complaint.

112. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "112" of the Complaint.

113. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "113" of the Complaint.

114. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "114" of the Complaint.

115. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "115" of the Complaint.

116. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "116" of the Complaint.

117. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "117" of the Complaint.

118. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "118" of the Complaint.

**Scheme 4: Transferring Madison Avenue Diamonds LLC
to SL Holdings I for No Consideration**

119. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "119" of the Complaint.

120. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "120" of the Complaint.

121. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "121" of the Complaint.

122. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "122" of the Complaint.

Scheme 5: Transferring Assets from the Original SL Holdings LLC to JBAM

123. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "123" of the Complaint.

124. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "124" of the Complaint.

125. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "125" of the Complaint.

126. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "126" of the Complaint.

127. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "127" of the Complaint.

128. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "128" of the Complaint.

Scheme 6: Liquidating Chaja Kessler 2002-C Irrevocable Trust

129. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "129" of the Complaint.

130. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "130" of the Complaint.

131. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "131" of the Complaint.

132. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "132" of the Complaint.

133. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "133" of the Complaint.

134. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "134" of the Complaint.

135. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "135" of the Complaint.

136. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "136" of the Complaint.

137. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "137" of the Complaint.

138. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "138" of the Complaint.

139. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "139" of the Complaint.

Scheme 7: Liquidating the Deluxe Properties

140. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "140" of the Complaint.

141. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "141" of the Complaint.

142. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "142" of the Complaint.

143. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "143" of the Complaint.

144. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "144" of the Complaint.

145. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "145" of the Complaint.

146. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "146" of the Complaint.

147. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "147" of the Complaint.

148. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "148" of the Complaint.

Scheme 8: Moshe's Failure to Collect His Own Indebtedness to the Estate

149. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "149" of the Complaint.

150. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "150" of the Complaint.

151. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "151" of the Complaint.

152. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "152" of the Complaint.

153. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "153" of the Complaint.

154. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "154" of the Complaint.

155. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "155" of the Complaint.

156. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "156" of the Complaint.

157. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "157" of the Complaint.

Scheme 9: Liquidating Chaim's Bank Accounts

158. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "158" of the Complaint.

159. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "159" of the Complaint.

160. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "160" of the Complaint.

161. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "161" of the Complaint.

162. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "162" of the Complaint.

163. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "163" of the Complaint.

164. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "164" of the Complaint.

165. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "165" of the Complaint.

166. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "166" of the Complaint.

167. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "167" of the Complaint.

168. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "168" of the Complaint.

Scheme 10: Selling the Nassau Condos

169. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "169" of the Complaint.

170. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "170" of the Complaint.

171. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "171" of the Complaint.

172. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "172" of the Complaint.

173. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "173" of the Complaint.

Claims

Count I: Reduce Estate's Tax Liabilities to Judgement

174. Defendant repeats, reiterates, and reasserts each and every response contained in the proceeding paragraphs of this Answer as set forth above as if more fully set forth herein.

175. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "175" of the Complaint.

176. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "176" of the Complaint.

177. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "177" of the Complaint.

178. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "178" of the Complaint.

179. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "179" of the Complaint.

Count II Moshe Lax and Zlaty Schwartz's Personal Liability for Outstanding Income and Estate Taxes Under 31 U.S.C. 3713 as Executors of the Estate of Chaim Lax

180. Defendant repeats, reiterates, and reasserts each and every response contained in the proceeding paragraphs of this Answer as set forth above as if more fully set forth herein.

181. Neither admit nor deny the allegations contained in Paragraph "181" of plaintiff's Complaint, as it states a legal conclusion, and therefore no response is necessary. However, to the extent a response is required, Defendants deny the allegations.

182. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "182" of the Complaint.

183. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "183" of the Complaint.

184. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "184" of the Complaint.

185. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "179" of the Complaint.

186. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "179" of the Complaint.

187. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "179" of the Complaint.

188. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "179" of the Complaint.

189. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "179" of the Complaint.

Count III: Moshe Lax's Personal Liability for Outstanding Income and Estate Taxes Under N.Y. Est. Powers & Trusts Law 12-1.1 as a Distributee of the Estate of Chaim Lax

190. Defendant repeats, reiterates, and reasserts each and every response contained in the proceeding paragraphs of this Answer as set forth above as if more fully set forth herein.

191. Neither admit nor deny the allegations contained in Paragraph "181" of plaintiff's Complaint, as it states a legal conclusion, and therefore no response is necessary. However, to the extent a response is required, Defendants deny the allegations.

192. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "192" of the Complaint.

Count IV: Zlaty Schwartz's Personal Liability for Outstanding Income and Estate Taxes Under N.Y. Est. Powers & Trusts Law 12-1.1 as a Distributee of the Estate of Chaim Lax

193. Defendant repeats, reiterates, and reasserts each and every response contained in the proceeding paragraphs of this Answer as set forth above as if more fully set forth herein.

194. Legal Conclusion

195. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "195" of the Complaint.

Count V: Breach of Fiduciary Duty Against Moshe Lax

196. Defendant repeats, reiterates, and reasserts each and every response contained in the proceeding paragraphs of this Answer as set forth above as if more fully set forth herein.

197. Neither admit nor deny the allegations contained in Paragraph "197" of plaintiff's Complaint, as it states a legal conclusion, and therefore no response is necessary. However, to the extent a response is required, Defendants deny the allegations.

198. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "198" of the Complaint.

199. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "199" of the Complaint.

200. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "200" of the Complaint.

201. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "201" of the Complaint.

202. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "202" of the Complaint.

203. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "203" of the Complaint.

204. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "204" of the Complaint.

205. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "205" of the Complaint.

206. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "206" of the Complaint.

207. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "207" of the Complaint.

208. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "208" of the Complaint.

**Count VI: Transferee Liability of Moshe Lax and Zlaty Schwartz
Pursuant to 26 U.S.C. 6324 (a)(2)**

209. Defendant repeats, reiterates, and reasserts each and every response contained in the proceeding paragraphs of this Answer as set forth above as if more fully set forth herein.

210. Neither admit nor deny the allegations contained in Paragraph "210" of plaintiff's Complaint, as it states a legal conclusion, and therefore no response is necessary. However, to the extent a response is required, Defendants deny the allegations.

211. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "208" of the Complaint.

212. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "208" of the Complaint.

213. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "208" of the Complaint.

214. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "208" of the Complaint.

215. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "208" of the Complaint.

216. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "216" of the Complaint.

Count VII: Set Aside Fraudulent Conveyance of Dynamic Diamond Corp.

217. Defendant repeats, reiterates, and reasserts each and every response contained in the proceeding paragraphs of this Answer as set forth above as if more fully set forth herein.

218. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "218" of the Complaint.

219. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "219" of the Complaint.

220. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "220" of the Complaint.

221. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "221" of the Complaint.

222. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "222" of the Complaint.

223. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "223" of the Complaint.

224. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "224" of the Complaint.

225. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "225" of the Complaint.

226. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "226" of the Complaint.

227. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "227" of the Complaint.

228. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "228" of the Complaint.

229. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "229" of the Complaint.

230. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "230" of the Complaint.

231. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "231" of the Complaint.

Count VIII: Set Aside Fraudulent Conveyance of Madison Avenue Diamonds

232. Defendant repeats, reiterates, and reasserts each and every response contained in the proceeding paragraphs of this Answer as set forth above as if more fully set forth herein.

233. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "233" of the Complaint.

234. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "234" of the Complaint.

235. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "235" of the Complaint.

236. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "236" of the Complaint.

237. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "237" of the Complaint.

238. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "238" of the Complaint.

239. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "239" of the Complaint.

240. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "240" of the Complaint.

241. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "241" of the Complaint.

242. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "242" of the Complaint.

243. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "243" of the Complaint.

244. Neither admit nor deny the allegations contained in Paragraph "244" of plaintiff's Complaint, as it states a legal conclusion, and therefore no response is necessary. However, to the extent a response is required, Defendants deny the allegations.

245. Neither admit nor deny the allegations contained in Paragraph "245" of plaintiff's Complaint, as it states a legal conclusion, and therefore no response is necessary. However, to

the extent a response is required, Defendants deny the allegations.

246. Neither admit nor deny the allegations contained in Paragraph "246" of plaintiff's Complaint, as it states a legal conclusion, and therefore no response is necessary. However, to the extent a response is required, Defendants deny the allegations.

Count IX: Set Aside Fraudulent Conveyance of LX Holdings to the Lax Family Trust

247. Defendant repeats, reiterates, and reasserts each and every response contained in the proceeding paragraphs of this Answer as set forth above as if more fully set forth herein.

248. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "248" of the Complaint.

249. Neither admit nor deny the allegations contained in Paragraph "249" of plaintiff's Complaint, as it states a legal conclusion, and therefore no response is necessary. However, to the extent a response is required, Defendants deny the allegations.

250. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "250" of the Complaint.

251. Neither admit nor deny the allegations contained in Paragraph "251" of plaintiff's Complaint, as it states a legal conclusion, and therefore no response is necessary. However, to the extent a response is required, Defendants deny the allegations.

252. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "252" of the Complaint.

253. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "253" of the Complaint.

254. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "254" of the Complaint.

255. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "255" of the Complaint.

256. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "256" of the Complaint.

257. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "257" of the Complaint.

258. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "258" of the Complaint.

259. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "259" of the Complaint.

260. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "260" of the Complaint.

261. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "261" of the Complaint.

262. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "262" of the Complaint.

263. Neither admit nor deny the allegations contained in Paragraph "263" of plaintiff's Complaint, as it states a legal conclusion, and therefore no response is necessary. However, to the extent a response is required, Defendants deny the allegations.

264. Neither admit nor deny the allegations contained in Paragraph "264" of plaintiff's Complaint, as it states a legal conclusion, and therefore no response is necessary. However, to the extent a response is required, Defendants deny the allegations.

Count X: Set Aside Fraudulent Conveyances to the SL Companies

265. Defendant repeats, reiterates, and reasserts each and every response contained in the proceeding paragraphs of this Answer as set forth above as if more fully set forth herein.

266. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "266" of the Complaint.

267. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "267" of the Complaint.

268. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "268" of the Complaint.

269. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "269" of the Complaint.

270. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "270" of the Complaint.

271. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "271" of the Complaint.

272. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "272" of the Complaint.

273. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "273" of the Complaint.

274. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "274" of the Complaint.

275. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "275" of the Complaint.

276. Denies knowledge or information sufficient to form a belief as to each and every

allegation as contained in Paragraph "276" of the Complaint.

277. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "277" of the Complaint.

278. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "278" of the Complaint.

279. Neither admit nor deny the allegations contained in Paragraph "279" of plaintiff's Complaint, as it states a legal conclusion, and therefore no response is necessary. However, to the extent a response is required, Defendants deny the allegations.

280. Neither admit nor deny the allegations contained in Paragraph "280" of plaintiff's Complaint, as it states a legal conclusion, and therefore no response is necessary. However, to the extent a response is required, Defendants deny the allegations.

281. Neither admit nor deny the allegations contained in Paragraph "281" of plaintiff's Complaint, as it states a legal conclusion, and therefore no response is necessary. However, to the extent a response is required, Defendants deny the allegations.

**Count XI: Transferee Liability of Judith Lax and J.L.
Pursuant to 26 U.S.C. 6324(a)(2)**

282. Defendant repeats, reiterates, and reasserts each and every response contained in the proceeding paragraphs of this Answer as set forth above as if more fully set forth herein.

283. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "283" of the Complaint.

284. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "284" of the Complaint.

285. Denies knowledge or information sufficient to form a belief as to each and every

allegation as contained in Paragraph "285" of the Complaint.

286. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "286" of the Complaint.

287. Neither admit nor deny the allegations contained in Paragraph "287" of plaintiff's Complaint, as it states a legal conclusion, and therefore no response is necessary. However, to the extent a response is required, Defendants deny the allegations.

288. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "288" of the Complaint.

289. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "289" of the Complaint.

290. Neither admit nor deny the allegations contained in Paragraph "290" of plaintiff's Complaint, as it states a legal conclusion, and therefore no response is necessary. However, to the extent a response is required, Defendants deny the allegations.

291. Neither admit nor deny the allegations contained in Paragraph "291" of plaintiff's Complaint, as it states a legal conclusion, and therefore no response is necessary. However, to the extent a response is required, Defendants deny the allegations.

292. Neither admit nor deny the allegations contained in Paragraph "292" of plaintiff's Complaint, as it states a legal conclusion, and therefore no response is necessary. However, to the extent a response is required, Defendants deny the allegations.

Count XII: Enforce Tax Liens against Property

293. Defendant repeats, reiterates, and reasserts each and every response contained in the proceeding paragraphs of this Answer as set forth above as if more fully set forth herein.

294. Denies knowledge or information sufficient to form a belief as to each and every

allegation as contained in Paragraph "294" of the Complaint.

295. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "295" of the Complaint.

296. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "296" of the Complaint.

297. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "297" of the Complaint.

298. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "298" of the Complaint.

299. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "299" of the Complaint.

300. Neither admit nor deny the allegations contained in Paragraph "300" of plaintiff's Complaint, as it states a legal conclusion, and therefore no response is necessary. However, to the extent a response is required, Defendants deny the allegations.

301. Neither admit nor deny the allegations contained in Paragraph "301" of plaintiff's Complaint, as it states a legal conclusion, and therefore no response is necessary. However, to the extent a response is required, Defendants deny the allegations.

302. Neither admit nor deny the allegations contained in Paragraph "302" of plaintiff's Complaint, as it states a legal conclusion, and therefore no response is necessary. However, to the extent a response is required, Defendants deny the allegations.

303. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "303" of the Complaint.

304. Denies knowledge or information sufficient to form a belief as to each and every

allegation as contained in Paragraph "304" of the Complaint.

305. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "305" of the Complaint.

306. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "306" of the Complaint.

307. Neither admit nor deny the allegations contained in Paragraph "307" of plaintiff's Complaint, as it states a legal conclusion, and therefore no response is necessary. However, to the extent a response is required, Defendants deny the allegations.

308. Neither admit nor deny the allegations contained in Paragraph "308" of plaintiff's Complaint, as it states a legal conclusion, and therefore no response is necessary. However, to the extent a response is required, Defendants deny the allegations.

309. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "309" of the Complaint.

310. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "310" of the Complaint.

311. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "311" of the Complaint.

312. Neither admit nor deny the allegations contained in Paragraph "312" of plaintiff's Complaint, as it states a legal conclusion, and therefore no response is necessary. However, to the extent a response is required, Defendants deny the allegations.

313. Neither admit nor deny the allegations contained in Paragraph "313" of plaintiff's Complaint, as it states a legal conclusion, and therefore no response is necessary. However, to the extent a response is required, Defendants deny the allegations.

314. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "314" of the Complaint.

315. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "315" of the Complaint.

316. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "316" of the Complaint.

317. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "317" of the Complaint.

318. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "318" of the Complaint.

319. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "319" of the Complaint.

320. Neither admit nor deny the allegations contained in Paragraph "320" of plaintiff's Complaint, as it states a legal conclusion, and therefore no response is necessary. However, to the extent a response is required, Defendants deny the allegations.

321. Neither admit nor deny the allegations contained in Paragraph "321" of plaintiff's Complaint, as it states a legal conclusion, and therefore no response is necessary. However, to the extent a response is required, Defendants deny the allegations.

322. Neither admit nor deny the allegations contained in Paragraph "322" of plaintiff's Complaint, as it states a legal conclusion, and therefore no response is necessary. However, to the extent a response is required, Defendants deny the allegations.

323. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "323" of the Complaint.

324. Neither admit nor deny the allegations contained in Paragraph “324” of plaintiff’s Complaint, as it states a legal conclusion, and therefore no response is necessary. However, to the extent a response is required, Defendants deny the allegations.

325. Neither admit nor deny the allegations contained in Paragraph “325” of plaintiff’s Complaint, as it states a legal conclusion, and therefore no response is necessary. However, to the extent a response is required, Defendants deny the allegations.

326. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "326" of the Complaint.

327. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "327" of the Complaint.

328. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "328" of the Complaint.

329. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "329" of the Complaint.

330. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "330" of the Complaint.

331. Neither admit nor deny the allegations contained in Paragraph “331” of plaintiff’s Complaint, as it states a legal conclusion, and therefore no response is necessary. However, to the extent a response is required, Defendants deny the allegations.

332. Neither admit nor deny the allegations contained in Paragraph “332” of plaintiff’s Complaint, as it states a legal conclusion, and therefore no response is necessary. However, to the extent a response is required, Defendants deny the allegations.

333. Neither admit nor deny the allegations contained in Paragraph “333” of plaintiff’s

Complaint, as it states a legal conclusion, and therefore no response is necessary. However, to the extent a response is required, Defendants deny the allegations.

334. Neither admit nor deny the allegations contained in Paragraph "334" of plaintiff's Complaint, as it states a legal conclusion, and therefore no response is necessary. However, to the extent a response is required, Defendants deny the allegations.

335. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "335" of the Complaint.

336. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "336" of the Complaint.

337. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "337" of the Complaint.

338. Neither admit nor deny the allegations contained in Paragraph "338" of plaintiff's Complaint, as it states a legal conclusion, and therefore no response is necessary. However, to the extent a response is required, Defendants deny the allegations.

339. Neither admit nor deny the allegations contained in Paragraph "339" of plaintiff's Complaint, as it states a legal conclusion, and therefore no response is necessary. However, to the extent a response is required, Defendants deny the allegations.

340. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "340" of the Complaint.

341. Neither admit nor deny the allegations contained in Paragraph "341" of plaintiff's Complaint, as it states a legal conclusion, and therefore no response is necessary. However, to the extent a response is required, Defendants deny the allegations.

342. Denies knowledge or information sufficient to form a belief as to each and every

allegation as contained in Paragraph "342" of the Complaint.

343. Denies knowledge or information sufficient to form a belief as to each and every allegation as contained in Paragraph "343" of the Complaint.

344. Neither admit nor deny the allegations contained in Paragraph "344" of plaintiff's Complaint, as it states a legal conclusion, and therefore no response is necessary. However, to the extent a response is required, Defendants deny the allegations.

345. Neither admit nor deny the allegations contained in Paragraph "345" of plaintiff's Complaint, as it states a legal conclusion, and therefore no response is necessary. However, to the extent a response is required, Defendants deny the allegations.

346. Neither admit nor deny the allegations contained in Paragraph "346" of plaintiff's Complaint, as it states a legal conclusion, and therefore no response is necessary. However, to the extent a response is required, Defendants deny the allegations.

Prayer For Relief

347. Defendant KGK denies that Plaintiff is entitled to any relief as against Defendant KGK.

348. Defendant KGK denies that Plaintiff is entitled to a judgment enforcing tax liens against property upon which KGK has a judgment that is prior in time to that of Plaintiff's liens.

349. Defendant KGK denies that Plaintiff is entitled to a judgment enforcing tax liens against property upon which KGK has a judgment that is superior to that of Plaintiff's liens.

350. Defendant KGK denies that Plaintiff is entitled to a judgment enforcing tax liens against property upon which KGK has a judgment that has priority to that of Plaintiff's liens.

AS AND FOR KGK'S CROSS-CLAIM FOR DECLARATORY RELIEF ESTABLISHING ITS LIEN POSITION

351. Defendant KGK is the holder of a judgment of not less than Three Million Fifty-Nine

Thousand Five Hundred Ninety Dollars (\$3,059,590.00) (the “Judgment”) (Annexed as Exhibit A, please find a true and accurate copy of the Judgment).

352. The Judgment was entered and filed on or about February 29, 2016.

353. The Judgment was entered as against Madison Avenue Diamonds LLC and Shandi Lax.

354. Accordingly, KGK’s Judgment has priority over any judgments or liens that came into existence after February 29, 2016.

AFFIRMATIVE DEFENSES

FIRST DEFENSE

355. The complaint fails to state a claim as against defendant KGK upon which relief can be granted.

SECOND DEFENSE

356. The statute of limitations expired on all or some of Plaintiff’s claims.

THIRD DEFENSE

357. Defending KGK’s rights and interests predate some or all of the tax liens and other wrongful acts alleged in the Complaint and are superior to the Federal Tax Liens.

FOURTH DEFENSE

358. Plaintiffs are barred by the doctrine of estoppel.

FIFTH DEFENSE

359. Plaintiffs are barred by the doctrine of laches

SIXTH DEFENSE

360. Plaintiffs are barred by the doctrine of mitigation.

SEVENTH DEFENSE

361. Plaintiffs are barred by the doctrine of waiver from pursuing its claims against

defendant KGK because it failed to timely pursue its remedies against the assessed taxpayers and fiduciaries, beneficiaries, and recipients of the alleged fraudulent transfers of the estate of Chaim Lax.

EIGHTH DEFENSE

362. Defendant KGK's rights are superior to the Federal Tax Liens because of the release of the tax liens as alleged in paragraph 296.

NINTH DEFENSE

363. Plaintiff's claims against KGK are barred by the doctrines of claim preclusion and/or issue preclusion.

RESERVATION OF ADDITIONAL DEFENSES

KGK reserves the right to assert such additional defenses as may appear applicable during the course of litigation.

WHEREFORE, KGK demands that this Court denies the relief requested in the Complaint as to Defendant KGK Jewelry LLC, grants judgment in favor of KGK Jewelry LLC on its cross-claim, and grant KGK Jewelry LLC such further relief as is just, equitable, and proper.

Dated: October 29, 2018

Respectfully submitted,

s/Doron Leiby

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dleiby@millerleiby.com

Attorneys for KGK Jewelry LLC

CERTIFICATE OF SERVICE

I hereby certify that on October 29, 2018, the foregoing document was electronically filed with the Clerk of the Court using CM/ECF and served upon all parties or counsel of record on the attached Service List in the manner specified, either via transmission of Notices of Electronic Filing generated by CM/ECF or in some other authorized manner for those counsel or parties who are not authorized to receive electronically Notices of Electronic Filing.

By: *s/Doron Leiby*

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VIA CM/ECF and FIRST-CLASS MAIL

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